

## Message Text

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12

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 PM-07 H-03 INR-10 L-03

NSC-10 PA-03 RSC-01 PRS-01 SS-15 DPW-01 IO-13 OC-06

CCO-00 AID-20 TRSE-00 OMB-01 EB-11 DRC-01 /156 W

----- 029450

O R 070309Z SEP 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 6827

INFO AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

USDEL PARIS

C O N F I D E N T I A L SAIGON 16033

EO 11652: GDS

TAGS: MARR VS

SUBJ: ICCS: FEC CONTRACT

REF: A. SAIGON 14468 B. SAIGON 15997

1. FEC-ITT REP VISITED EMBOFFS SEPTEMBER 5 TO TELL US THEIR HOME OFFICE IN NYC HAD INSTRUCTED THEM TO NOTIFY ICCS THAT THEY WERE TO DISCONTINUE COMMUNICATION SERVICES TO ICCS BY SEPTEMBER 8 IF ICCS COULD NOT LIVE UP TO ITS OBLIGATIONS UNDER FEC-ICCS CONTRACT. THE FEC-ICCS CONTRACT STIPULATES THAT ICCS WILL MAINTAIN AN ENCUMBERED ACCOUNT OF \$300,000. THIS ACCOUNT IS NEARLY DEPLETED.

2. AS A COMPROMISE LOCAL REP SUGGESTED TO ICCS THAT HE WOULD ATTEMPT TO CONVINCE HIS HOME OFFICE TO CONTINUE SERVICES IF ICCS  
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WOULD PAY PRESENT DEBT OF \$38,000 AND AN ADDITIONAL \$40,000 FOR

NEXT TWO WEEKS. FEC WOULD EXPECT TO BE PAID IN ADVANCE BEGINNING SEPTEMBER 15 AT APPROXIMATELY RATE OF \$40,000/TWO WEEK.

3. ICCS SECRETARIAT REP, A HUNGARIAN, TO WHOM HE MADE THE SUGGESTION REPLIED QTE YOU SEND US YOUR LETTER AND WE WILL REPLY UNQTE.

4. COMMENT: EMBOFFS EXPLAINED FINANCIAL DIFFICULTIES ICCS HAS IN MEETING CONTRACTUAL OBLIGATIONS SINCE ICCS BUDGET HAS NOT BEEN APPROVED BY FOUR PARTIES AND FOUR PARTIES HAVE NOT FUNDED ICCS ON REGULAR BASIS. WE SUGGESTED HE SEEK AN APPOINTMENT WITH DIRGEN NUR TO SEE WHETHER ICCS COULD MEET OBLIGATION UNDER PROPOSAL HE IS MAKING TO NEW YORK OFFICE. WE ENCOURAGED FEC REP TO CHECK WITH US PRIOR TO FORMAL NOTIFICATION TO ICCS OF CANCELLATION OF CONTRACT IN VIEW OF PROBABILITY THAT HUNGARIANS AND POLES WOULD USE LETTER AS A FURTHER EXCUSE TO PULL OUT OF ALL SITES AS THEY USED LETTER FROM AIR AMERICA TO PULL OUT OF FIVE SITES (SEE REFTEL B FOR DESCRIPTION THIS PLOY).

5. SINCE FEC CONTRACT SERVICES PROVIDE ICCS WITH INTERNAL COMMUNICATIONS IN VIETNAM, CANCELLATION OF CONTRACT WILL CREATE READY-MADE SITUATION FOR HUNG AND POLDELS TO EXPLOIT. FURTHERMORE, DEPLOYMENT IRDEL TO REGIONAL AND LOCAL SITES WILL BE GREATLY COMPLICATED. TO OUR KNOWLEDGE, NO READY ALTERNATIVE TO FEC EXISTS AND EVEN WITH A NEW CONTRACTOR ICCS WILL HAVE CONTINUING DIFFICULTY IN MAKING PAYMENTS.

6. IN VIEW ABOVE, WE URGE DEPARTMENT CONSULT FEC-ITT NEW YORK WITH VIEW TO WORKING OUT MODUS VIVENDI DURING PRESENT PERIOD ICCS FINANCIAL STRINGENCY.  
MARTIN

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
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**Reference:** A. SAIGON 14468 B. SAIGON 15997  
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**TAGS:** MARR, VS  
**To:** STATE  
**Type:** TE  
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